



**Director of
Central
Intelligence**

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National Intelligence Daily

*Thursday
5 July 1979*

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Special Analysis

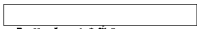
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The Overnight Reports, printed on yellow paper as the final section, will often contain materials that update other articles in the *Daily*.

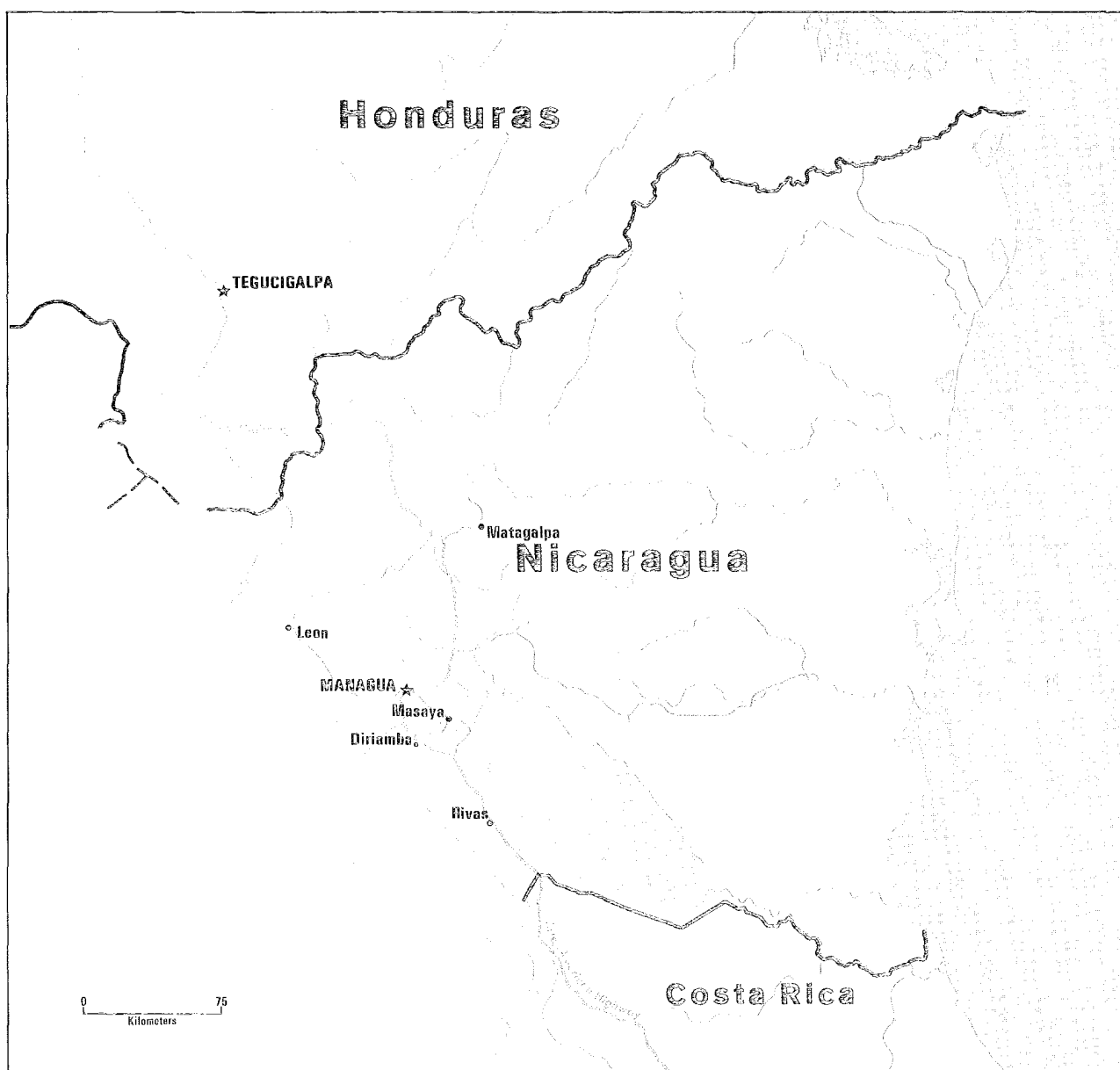


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SITUATION REPORT

NICARAGUA

Major fighting continues in most parts of the country. The relative balance of the opposing forces makes it unlikely that the tide will shift either way suddenly, unless outside forces intervene or President Somoza decides to resign. [redacted]

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Military Developments

The Sandinistas continue to make slow but steady gains in the northern and eastern parts of the country.

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President Somoza has delayed for another day or two sending a new task force to recapture Masaya. [redacted]

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suggests that the troops may be undergoing familiarization training on their new M-16 rifles. Nevertheless, the Guard is planning to use this force of new recruits, elements of the elite General Somoza and 1st Armored Battalions, and Managua police units to retake Masaya in a week, Leon in two weeks, and thereafter Diriamba and Matagalpa. [redacted]

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The Guard's timetable appears unrealistic because Guard morale is beginning to sag under the strain of the five-week-old offensive, and because the guerrillas are putting up a stiff fight. The Sandinistas, moreover, appear to be bringing in small groups of fresh forces regularly [redacted]

[redacted] A Colombian guerrilla who sought asylum in the US Embassy in Costa Rica estimated that 10 of his countrymen were arriving there every eight days to join the Nicaraguan guerrillas. [redacted]

Political Developments

The Nicaraguan Congress obtained a quorum on Tuesday and convened in the security of Managua's Intercontinental Hotel. The Congress is dealing with routine matters, but will be immediately available to take its cue from Somoza--should he decide to resign--and initiate the succession process. [redacted]

The primary moderate organizations in Managua are increasingly reluctant to mount a political challenge to the Sandinistas' provisional government. The Broad Opposition Front, which has tentatively approved of the provisional government, asked on Sunday only that it broaden its base, either by expanding the five-person junta or by allocating 12 of 30 seats on a council of state to the moderates. [redacted]

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BRIEFS AND COMMENTS

GHANA: Drifting Toward Chaos

Ghana continues to drift toward political and economic chaos. The Armed Forces Revolutionary Council remains without an acknowledged leader and has little authority outside of Accra. The economy, which has suffered from years of mismanagement, is experiencing triple-digit inflation and shortages of food, petroleum, and other essentials. [redacted]

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The surface calm that had prevailed since the executions last week of two former heads of state and four other senior military officers was broken briefly on Tuesday by student demonstrations in Accra and Kumasi, including a march on the US Embassy. The demonstrators--led by the National Union of Ghana Students, a small, far-leftist group--called on the Council to resume the executions of former government officials. The students alleged that the US was attempting to frustrate the Council's plans to eliminate government corruption and improve the country's living standards. [redacted]

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We do not know what prompted the demonstrations or who was behind them. There is speculation but no supporting evidence that the Soviets and Ethiopians are involved. The US Embassy in Accra believes that despite their small number, the students are fairly well organized and may be able to take advantage of the political vacuum to pressure the Council to accelerate the timetable for carrying out its reforms. [redacted]

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Efforts continue among leading Ghanaian politicians to establish some alternative to the Council. The two front-runners in last month's inconclusive presidential election--Hilla Limann and Victor Owusu--are attempting to form an interim coalition government or presidential commission [redacted]

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USSR: CEMA Meeting

The Soviets and the East Europeans failed to ease tensions over energy supplies at the session of the Council for Mutual Economic Assistance in Moscow last week. Premier Kosygin was probably engaging in semantics when he announced that the USSR planned to increase its energy exports to other CEMA members by 20 percent during the next five-year plan. On other issues, there is no indication that the Soviets succeeded in pushing through changes that would give CEMA a supranational character.

If we interpret Kosygin correctly, he meant that total Soviet energy exports to other CEMA members during the 1981-1985 period will be 20 percent higher than total energy exports during the five years beginning in 1976--to date a period of sharp growth in such exports. This would mean that the outlook is for negligible growth--less than 2 percent per year--in actual Soviet energy exports to Eastern Europe after 1980. With Soviet natural gas exports scheduled to rise rapidly, the implied low growth rate in overall energy exports points to a decline in Soviet oil deliveries after 1980.

The most significant results of the session were agreements on a major upgrading of transportation lines connecting CEMA's European members and on cooperative production of equipment for nuclear power plants. There were reports of "problems" over the latter with respect to assigning responsibilities. Czechoslovak Premier Strougal emphasized the burden imposed on Czechoslovakia by its obligation under the CEMA nuclear power program.

There is no indication that the Soviets succeeded in pushing through structural changes in CEMA that would give the organization a supranational character. Kosygin's speech and the communique confirmed that "clarifications" were made in the charter for the more "effective operation" of CEMA's work, but Romania's apparent approval of the charter changes and Kosygin's comment that "much remains to be done to improve" CEMA cooperation

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indicate that they were not the major changes in voting procedures and external representation that had caused the Romanians concern. [REDACTED]

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Nearly all of Moscow's major clients in the Third World attended, including Angola, Ethiopia, Afghanistan, Mozambique, Iraq, and South Yemen. South Yemen was named an observer, but Afghanistan and Mozambique, which also attended for the first time, were not. Vietnam, elevated from observer to member status at the session last year, was extended the kind of special aid measures for less-developed CEMA countries that Cuba and Mongolia enjoy. [REDACTED]

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North Korea and Heng Samrin's Kampuchean Government were conspicuous in their absence. North Korea had attended nearly every CEMA session since 1972 [REDACTED]

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[REDACTED] Romania also had threatened not to attend if the Heng Samrin delegation did. It appears that the Soviets gave in to last-minute pressure to exclude Kampuchea. By then it was too late for the North Koreans to arrange to attend. [REDACTED]

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NETHERLANDS: Nuclear Force Modernization

The Dutch decision on theater nuclear force modernization and arms control will have a significant effect on NATO's ability to reach agreement on the subject and on the future nuclear capability of NATO. Dutch Defense Minister Scholten has told the US Ambassador in The Hague that the Dutch will delay their decision until after the US Senate acts on SALT II. [redacted]

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Prime Minister van Agt's government in principle supports theater nuclear force modernization, including Dutch involvement, but the government is hamstrung by a large and effective antinuclear movement and by nervousness over US policies on nuclear weapons. If the effectiveness of the antinuclear campaign is to be blunted and a positive decision made, the government will have to build a major base of public support and convince skeptical, bickering, and intimidated politicians of all stripes to support such a NATO policy. [redacted]

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Van Agt's hand would be strengthened by clarification of the US position on theater nuclear force modernization, specifically the administration's views on what it expects from the Dutch and other Europeans, and by assurances that the US will link modernization of the force with future arms control negotiations. The Dutch will take their cue from the fate of the SALT II Treaty, and a defeat in the US Senate almost certainly would set back support for future theater nuclear force modernization in The Hague. [redacted]

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If the Dutch ultimately take a negative stand, not only would it seriously weaken their contribution to NATO but it would also have deleterious repercussions beyond Holland's borders. West Germany is insisting that, if new nuclear weapons are to be placed on its soil, other countries on the continent must also accept such weapons. Belgium and Italy--the other possible hosts for new nuclear weapons systems--are watching the Dutch with intense interest. [redacted]

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EAST GERMANY: Berlin Representatives

An amendment to the East German election law, approved by the Volkskammer on 28 June, eliminates any distinction between East Berlin deputies and other members of the legislature. This assertion of East German sovereignty defies the Western Allied position on Berlin and violates the Quadripartite Agreement of 1971. The action, which can be assumed to have Soviet approval, represents retaliation for West Berlin participation in the European Parliament. [redacted]

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Volkammer deputies from East Berlin, in contrast to deputies nominally elected in East Germany, have so far been chosen by the East Berlin city assembly, and their legislative powers are supposedly restricted. Similar limitations are applied at Western Allied insistence to Bundestag members from West Berlin. Thus the amendment foretells elimination of yet another vestige of Berlin's special status when the next Volkskammer election is held in 1981. [redacted]

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The East German move has stimulated considerable concern in West Germany, where it raises questions about the Allied ability to ensure the inviolability of the Quadripartite Agreement. It also undercuts the government's Ostpolitik policy. The architect of that policy, Egon Bahr, has urged Bonn to consider responding by making West Berlin delegates full members of the Bundestag. This would be unacceptable to the Allies, and Bahr has been widely criticized in West Germany for suggesting a violation of the Quadripartite Agreement. [redacted]

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The West Germans want some response, however, to ease their frustration and minimize the appearance of Allied impotence. The Allies had publicly asked the Soviets to restrain the East Germans and will deliver a strong protest to Moscow this week. The US postponed indefinitely the signing of a consular convention with East Germany; the French Foreign Minister reportedly will cancel a scheduled visit to East Berlin this week; the Belgian Foreign Minister has postponed a visit to East Germany; and Bonn is reducing routine East - West German official contacts. [redacted]

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WEST GERMANY: Strauss Selection

The selection on Monday of Franz Josef Strauss as the conservative parties' chancellor candidate in the 1980 elections by the joint Bundestag caucus of Christian Democrats and the Bavarian Christian Social Union reflects a strong desire for interparty unity following months of bickering. Some Christian Democrats, who expect Chancellor Helmut Schmidt to win the next election, see the decision as a way to end Strauss's relentless drive for conservative leadership. [redacted]

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CDU leader Helmut Kohl's position now is severely shaken because of his weak leadership and failure to prevent Strauss's selection as chancellor candidate. Strauss's campaign also has left a residue of bitterness in the CDU, which will hamper the party's effort on his behalf. The government undoubtedly will seek to exploit Strauss's somewhat ominous image. Strauss is a tireless and persuasive campaigner, however, and will probably aim for and quite possibly achieve a more moderate public image. [redacted]

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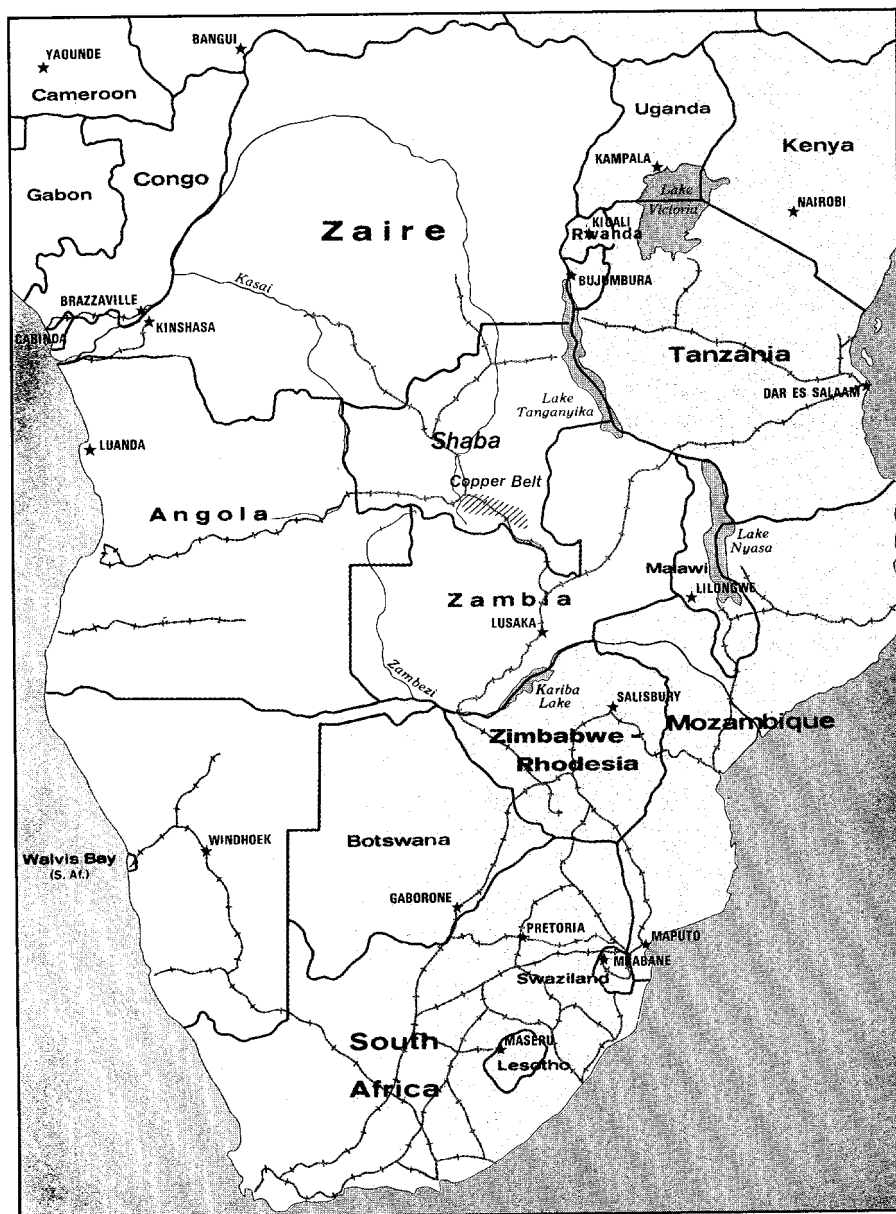
Strauss's nomination reduces the possibility of a fourth political party in West Germany, a concept he had promoted mainly to bring pressure on the CDU. The greater prospect of conservative unity this implies will aid Schmidt in his efforts to enforce solidarity on the Social Democratic leftists. [redacted]

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ZAMBIA-ZAIRE: Rail Problems

Zambia has stopped all rail traffic in and out of Zaire's copper-mining Shaba Region for the past 11 days. The stoppage has cut off all Shaban exports and such critical imports as coal, coke, corn, and mining explosives. Behind the embargo is the Zairian Government-owned railroad's failure to pay some \$4 million in transportation charges to the railways in Zambia and Zimbabwe-Rhodesia. The rail closure could aggravate an already tense situation in Shaba. [redacted]

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Zambia had threatened in late May to cut off shipments to Zaire for nonpayment. At the time it was estimated that Shaba's mining towns had about a two-week supply of corn--the region's staple food. The giant Gecamines mining company estimated that it had coke stocks for two months and coal supplies for eight days. Although shipments continued last month, there probably has not been any buildup of stocks. Without coke and coal, Gecamines would be forced to stop production of blister copper and copper wire bar. [redacted]

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Gecamines attempted to find the money either from its own resources or the government. Finally, in early June, Zaire reportedly paid Zambia about \$1 million in hard currency on the debt. The partial payment forestalled the threat of closure until now. [redacted]

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Zambia, however, alleges that it has not received the \$1 million and is insisting on payment in full before it will allow traffic to resume. The Zambians may be delaying acknowledgment of the partial payment in order to use all of the rail capacity for their own trade, especially imports of corn which are expected to be in short supply this year. If Zaire is unwilling or unable to pay, Gecamines will request permission to make the payment with company foreign exchange--a practice the Central Bank and Zaire's creditors, including the International Monetary Fund, frown on. [redacted]

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The lack of food and jobs resulting from the rail shutoff could cause a violent reaction in the volatile Shaba Region. Gecamines may feel forced to pay the debt in order to keep the lid on in Shaba. [redacted]

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ST. LUCIA: Victory for Pro-Cuban Left

The landslide election victory of the Labor Party on Monday continues the trend favoring the rise of younger political leaders who are friendly toward Cuba and wary of the US. The loser was a widely respected moderate leader of the eastern Caribbean, three-term Prime Minister John Compton.

The new Prime Minister is the aging titular head of the Labor Party, former Judge Allan Louisy. Real power, however, will be held by the dominant radical wing of the party, headed by trade union activists George Odlum and Peter Josie. While they have indicated that the new government will remain on a moderate course and on good terms with the US, they have called for tighter state control of the economy and for a nonaligned foreign policy favoring closer relations with Cuba and neighboring Grenada.

Odlum and Josie are part of a new generation of West Indian leaders generally sympathetic toward Cuba and often suspicious of US political and economic influence in the Caribbean. Since the coup in Grenada on 13 March, three other heads of government--in Saint Kitts - Nevis, Dominica, and now St. Lucia--have been replaced constitutionally by younger leaders seeking new models of social and economic development for their economically troubled islands.

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NIGERIA: Increased Ownership of Oil Companies

The Nigerian Government has decided to increase its ownership of foreign oil companies from 55 percent to 60 percent, retroactive to the beginning of this month. The Managing Director of the Nigerian National Petroleum Corporation said the move was in line with the 1977 Indigenization Decree, which stipulates that all oil-related businesses must have 60-percent Nigerian ownership. If the government decides to redirect exports of the additional crude oil it will obtain, US imports could be cut by about 100,000 barrels per day from the current total of 1.2 million barrels per day. Lagos also may decide to renegotiate long-term sales contracts with the oil companies, and a downward revision in the buy-back provisions could reduce the volume of US imports of Nigerian crude even more. [redacted]

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JORDAN-FRANCE: Major Aircraft Purchase

New information confirms the conclusion of a \$750 million contract, probably signed in late June, for Jordan's purchase of 36 Mirage F-1 jet fighters from France. The agreement calls for the Jordanian Air Force to receive 17 F-1Cs, 17 F-1Es, and two trainers beginning in late 1980. We do not know complete terms of the sale, but Amman will pay 20 percent in advance. French arms sales generally require a downpayment, with the remaining portion payable over five to seven years at a nominal interest rate. There is a strong possibility that Jordan, which expects to receive payments arranged at the Baghdad summit of almost \$1 billion a year, may have been asked to pay cash for the planes, and there is some indication that Iraq and Saudi Arabia may provide additional funds for the package. The F-1 package, which may be followed by an order for French long-range ground surveillance radar, is Jordan's first major arms order from France. [redacted]

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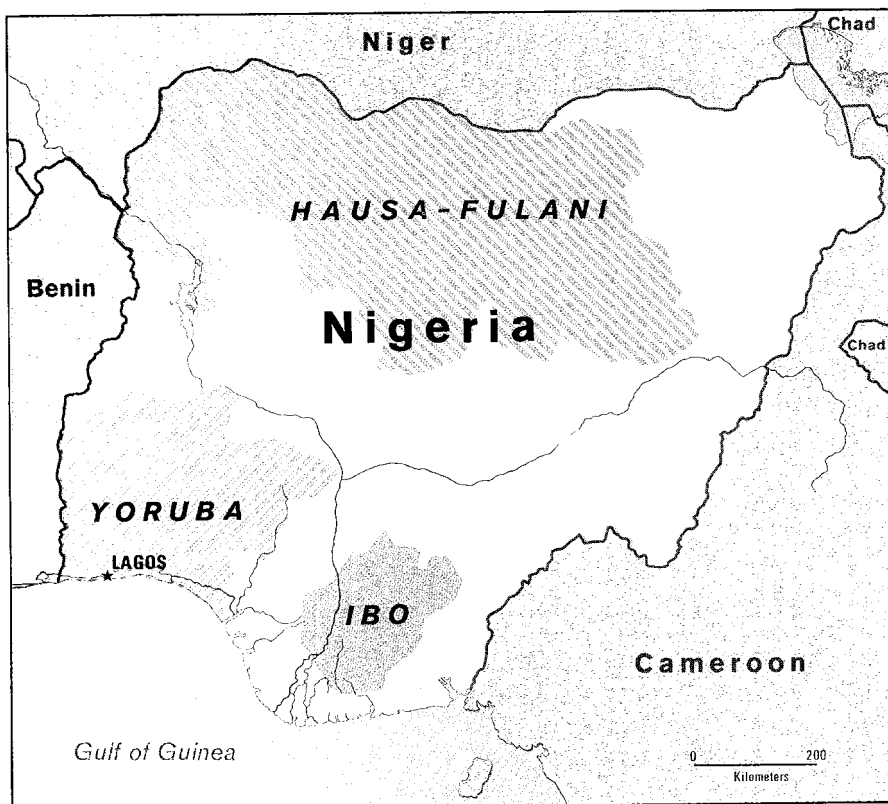
NIGERIA: Election Schedule and Requirements

7 July -- Federal Senate
14 July -- Federal House of Representatives
21 July -- State Houses of Assembly
28 July -- State Governors and Deputy Governors
4 August -- Runoff elections for State Governors if required
11 August -- Federal President and Vice-President
18 August -- Runoff elections for Federal President, if required
1 October -- Inauguration of new government

Election Requirements

For a first-round victory, presidential aspirants face a stiff constitutional requirement--intended to force political parties to be national in character and to put together broad ethnic coalitions--that they receive a majority of votes nationwide and one-fourth of the votes in 13 of Nigeria's 19 states. Failing that, the choice between the two top contenders is decided by majority vote in the federal and all the state legislatures. The constitution specifically states that a runoff contest is to be between the presidential candidate who gained the largest vote nationwide and the one with the next highest number of votes in the greatest number of states. Gubernatorial runoffs will be held in respective state Houses of Assembly should no candidate obtain a majority of votes statewide and one-fourth of the votes in two-thirds of all local government areas of the state.

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SPECIAL ANALYSIS

NIGERIA: Elections for a Civilian Rule Government

Chances appear better than even that Nigeria--after 13 years of military rule--will complete its transition to civilian rule on schedule in October. The final phase of the transition begins this Saturday with the first of a series of elections that is to culminate in a contest for the presidency in mid-August. A resurgence of violence between rival regional and ethnic groups could still upset the process or raise the threat of a military coup. At this point, however, the government of General Obasanjo is determined to see the process through.

Federal and state legislative bodies will be elected first--on 7, 14, and 21 July. Then there will be elections for state governors and finally for president. The legislatures will act as electoral colleges should gubernatorial and presidential runoff elections prove necessary. The legislative contests--the first real tests of strength for Nigeria's five political parties--probably will lead to political realignments that could affect the outcome of the 11 August presidential contest. Most of the parties are concentrating on the legislative races, believing that an early front-runner might benefit from a bandwagon effect in the presidential election.

Parties and Issues

The drafters of the new constitution--in an effort to foster cooperation among the regions and ethnic groups that have often fought one another--established rules designed to assure that the next government has as broad a national constituency as possible. The main political parties must assemble wide enough coalitions from the ethnic and regional groups to elect their presidential slates. As they try to meet constitutional requirements,

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parties representing Nigeria's three main ethnic groups--Hausa-Fulani, Yoruba, and Ibo--are seeking inroads into one another's regional strongholds and the borderlands where minor tribes live. The five competing parties are led by old-line politicians and for the most part are descendants of parties that existed in the early 1960s.

[redacted]

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The National Party of Nigeria, representing the Muslim north's conservative traditional establishment and dominated by the Hausa-Fulani ethnic group, is considered the front-runner by most local observers. The party is widely perceived as the one with the strongest national base, but its presidential candidate--Shehu Shagari--is having trouble projecting a strong leadership image.

[redacted]

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The Yoruba-based Unity Party of Nigeria is well-organized in western Nigeria but has little support elsewhere. Its presidential candidate, Obafemi Awolowo, is a strong personality and administrator, but he is distrusted by other ethnic groups that fear expansion of the already considerable Yoruba influence in national affairs.

[redacted]

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The Nigerian People's Party is based mainly in the Ibo east. Its presidential candidate--Nnamdi Azikiwe--has more prestige than his party, which is tainted outside the east by the Ibo-led effort of Biafra to secede from Nigeria in 1967.

[redacted]

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The other two parties appear to have smaller followings. The Great Nigerian People's Party is a personal vehicle for the presidential ambition of Waziri Ibrahim, a Muslim businessman from the northeast who allegedly has some following in the military. The People's Redemption Party has some support in the north and sees its role as a spoiler. Its presidential candidate--Aminu Kano--was disqualified late last month, and the party may concentrate on legislative races and throw its support to another party in the presidential race.

[redacted]

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Should the National Party falter badly in the early contests, political realignments aimed at forging a

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"stop-Awolowo" coalition probably would take place, since the Unity Party is perceived as the next strongest party. Because of the depth of anti-Awolowo feeling in the Muslim north and Ibo east, these regions probably would throw their support to Waziri Ibrahim as a compromise alternative to Awolowo. The Yoruba are resented because they have significantly expanded their role in the civil service and national commerce in recent years, and Awolowo himself is viewed as far more Yoruba than national in outlook. []

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There is nothing in the makeup of the leading presidential candidates or their party platforms to suggest that Nigeria would embark on radical change under civilian leadership. The main parties seem to accept the continuation of a mixed economy. There is general agreement on the broad outlines of Nigeria's present nonaligned foreign policy, and all parties have voiced support for the liberation struggle in southern Africa. []

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Outlook

The restoration of civilian rule depends mainly on whether widespread political violence can be avoided. The depth of underlying tension is difficult to gauge, but sectional strains will inevitably increase as the drawn-out election process proceeds. Political violence has increased in recent months, and student unrest in the Muslim north has taken on antisouthern, anti-Christian overtones. Kano's disqualification has triggered some disturbances by his followers in the north. []

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If there is serious strife, the Obasanjo regime would probably cancel its plan to restore civilian rule as much to reduce the threat of a coup by middle-grade and junior officers as to restore stability. At this point, however, the ruling military council is united in its desire to hand over power, and it is watching carefully for signs of dissent in the lower ranks of the Army. The lower ranking officers--many of whom are thought to be lukewarm about civilian rule--seem inclined

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at present to let civilian government come to pass. They expect it to fail, after which the military will again enjoy the spoils of power. []

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The government's logistic preparations for the complicated electoral process have been marked by inefficiency and ineptitude. Widespread administrative breakdowns by the federal electoral commission would increase the risk of disruptions and allegations of vote-rigging. Handling and tabulating ballots for the five closely spaced elections will be impeded by the sheer size of the electorate--some 47 million voters--and the country's inadequate transportation and communications facilities. The voters, many of whom are illiterate and voting for the first time, may have difficulty coping with the separate elections and the large number of candidates. []

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Despite the difficulties that lie ahead, a number of factors argue for a successful transition:

- The general absence so far of serious political disorder.
- The regime's confidence in its ability to handle trouble.
- The resolve of the federal electoral commission to conduct an honest vote, the results of which will be acceptable to the people.
- The constitutional requirement for building a nationwide party coalition, which should help moderate intemperate political behavior.
- The likelihood that each party will gain control of some state governments and win some representation in the federal legislature.
- The apparent desire of most Nigerians to return to civilian rule.

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-- The moderating behavior thus far of the country's traditional leaders, who have worked to defuse volatile situations, and of the press, which has generally refrained from overdramatizing incidents of political violence.

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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the Intelligence Community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

Zimbabwe-Rhodesia

Patriotic Front guerrillas early yesterday attacked the residence of the Greek Orthodox archbishop in a well-to-do suburb of Salisbury, less than two kilometers from the residences of the President, Prime Minister, and other top officials and civil servants, according to a Western wire service. The attackers fled before police reached the scene, and there was speculation that the raiders may have meant to attack the nearby home of the supreme military commander, Lieutenant General Wall. The incident was the closest ever to the city's center and was the only time since last March that the insurgents have surfaced in the capital. [REDACTED]

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Algeria

Ahmed Ben Bella, Algeria's first president, who was overthrown and placed in nearly solitary confinement after a bloodless coup 14 years ago, has been given partial freedom, according to news agency reports. The late Houari Boumediene, who overthrew Ben Bella and succeeded him in the presidency, reportedly feared Ben Bella's continued popularity and for most of his regime kept Ben Bella in virtual isolation, allowing visitation rights to only his wife and mother. President Bendjedid reportedly does not regard Ben Bella, now 61, as a possible political opponent. [REDACTED]

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South Africa - Namibia - Angola

South African troops crossed into Angola this week and killed 12 Namibian guerrillas, according to the South African military commander in Namibia. He also reported that his troops had found a cache of arms and food supplies. []

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NATO

A Brussels newspaper published yesterday a letter it received from the "Andreas Baader Commando" of the Red Army Faction, in which the group claimed credit for the attack on former NATO Supreme Commander Haig. The letter gave precise descriptions of how the attack was planned and executed and explained that it failed probably because of faulty timing of the manual detonation of the explosive. []

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USSR-Vietnam

A British newspaper, citing Japanese sources, has reported that the USSR has offered Vietnam a flotilla including F-class submarines, minesweepers, landing craft, and patrol boats. The flotilla would be manned and captained by Vietnamese, but the Soviets reportedly insist that the craft be permanently assigned to the former US base at Cam Ranh Bay and that Soviet officers be available to train the crews. Vietnamese Defense Minister General Giap is said to oppose the offer because effective control of the vessels would remain in Soviet hands. []

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USSR

The Soviet Defense Ministry announced on Monday that Exercise "Neman" will be held in Lithuania from 23 to 27 July. The size and location of the exercise fall within notification criteria established by the 1975 Helsinki Accords, and the announcement came within the advance notification period recommended by the Accords. The US, along with several other Western and Eastern countries, has been invited to send an observer, only the second time the US has been included among the invitees.

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